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19 June 1964

**MEMORANDUM FOR THE RECORD**

**SUBJECT: Review of FY 1965 Budget Estimate with House  
Appropriations CIA Subcommittee Staff Member**

1. At the request of Robert L. Michaels, Staff Member of the House Appropriations Defense Subcommittee (and recently assigned as Staff Member of the CIA Subcommittee by Mr. Mahon), John M. Clarke, Director/BPAM, and [ ] Deputy Chief, Budget Division, met with Mr. Michaels on 18 June to answer questions on the Agency's 1965 budget estimate as a result of the hearings before the Subcommittee on 16 June.

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2. Mr. Michaels was unclear as to his specific role in reviewing the Agency's budget. He explained that his role would be largely one of responding to specific inquiries of committee members. He advised that since he had not been involved in previous hearings he was not entirely clear as to how far the committee had gone into detail on CIA. However, based upon Mr. Mahon and others' attention to the Defense appropriations he proposed to proceed in the same manner with the Agency. Accordingly, he felt it necessary to solicit information from particular members and to acquaint himself in depth with Agency programs, personnel levels and general, overall management of activities. He explained that he had had considerable experience with the Defense Department and that, based on the hearings of 16 June, he had a number of general questions where information given by the Agency needed elaboration.

3. Michaels specifically referred to the Research and Development aspects of the Agency programs. Mr. Clarke provided a briefing on the Agency R&D activities in TSD, Commo, NPIC and ORD. Mr.

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in 1965. In this regard the intelligence community "black budget" and coordination role of the DCI was raised by Mr. Michaels. He was advised of Mr. Cannon's question on the total community budget during FY 1964 budget hearings. Michaels observed that the Bureau of the Budget did not appear to do a very useful job in coordination and review of intelligence budgets, and he asked whether the BOB looked to the DCI for this purpose. The work of NIPE in support of the role of the DCI in coordinating these efforts was outlined. Mr.

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4. At his request, Michaels was shown a copy of the proposed letter on the Agency appropriation. He advised that the copy sent to Mr. Cannon could not be located. We agreed to send another copy to Mr. Michaels and urged his support in getting the chairman's signature thereon. He indicated agreement with the letter.

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7. Mr. Michaels raised questions about the authority for construction and the answer was given that the DCI had such authority and did not need "enabling legislation" to which Michaels agreed. He then talked about Agency "reprogramming" and indicated he would ask Mr. Mahon the extent to which the committee would want to know of Agency reprogramming exercises. Mr. Michaels explained that the Defense Subcommittee followed the reprogramming activity of the DOD very closely and with interest. He stated that in light of Mr. Mahon's concern that the committee get closer to Agency operations and Mahon's instructions to Michaels, he felt some reporting of reprogramming would be desirable. Mr. Clarke explained the complications of programming and reprogramming multiple thousands of small projects and illustrated this in terms of the DD/P programs. It was urged that should the committee wish to have reprogramming reported we should be so advised at the earliest time and that such reprogramming reports should be limited to those which took place between major program activities; e. g. covert action to R&D, R&D to production, etc; and then only in terms of large amounts -- say, over \$1 million. Mr. Michaels generally agreed that some broad threshold should be set but that he would need to discuss the matter with committee members. As an aside, Michaels observed that he wanted to be certain all members were equally informed on Agency programs, but that Bow and Sheppard were not on the Defense Appropriations Committee and would therefore need more attention than in the past. Mr. Bow's visit to CIA was described to Michaels who had not been aware of it.

8. Tentative arrangements were made for Mr. Michaels to visit the Agency headquarters building on Wednesday, 24 June, to meet with FMSAC on their program, Commo and OEL on SIGINT R&D, [redacted]

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[redacted] and the possible exploration of budget format ideas for the 1966 budget presentation.

(Signed) John M. Clarke

John M. Clarke  
Director of Budget,  
Program Analysis and  
Manpower

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